

Minutes  
**Workers' Compensation Study Project**

Status Meeting, May 15, 2006  
1:30-3:30 pm, Conference Room A/B  
Facilitator: Diana Ferriter

**Project team present:** Jerry Keck, Dore Schwinden, Diana Ferriter, Dave Elenbaas, Jamie Queen, Tyler Turner, Keith Messmer, Jeanne Johns, Debbie Blossom, Connie Ferriter, Wade Wilkison, Mari Kindberg, Chris Catlett

**Others:** Larry Jones (Liberty NW), Dan Gengler, Matthew Cohn (Montana State Fund), Pam Haxby-Cote (Governor's Office of Economic Development), Jason Miller (DNWRC), John Gottbreht (Putman & Associates), Riley Johnson (NFIB), Evan Karp (Montana Health Systems), Tana Wilcox (NorthWestern Energy), George Wood (Montana Self-Insurers), Marvin Jordan, (Montana Contractor Comp Fund), Jacqueline Lenmark (American Insurance Association), Bob Worthington (MMIA), Joe O'Rourke (F.H. Stoltze Land & Lumber), Aidan Myhre (The Gallatin Group), Spook Stang (Montana Motor Carriers), Jim Werbeckes (Employers Insurance Group), Dr. Ken Carpenter (Montana Health Systems), Connie Welsh (Montana Department of Administration), Kathy Hill, Stacy Allen (Benefis Healthcare)

**Introductions/Welcoming**

Diana Ferriter welcomed everyone and had everyone introduce themselves and whom they represented.

**Opening Remarks**

Dore Schwinden, Labor and Industry Deputy Commissioner, welcomed everyone to the meeting.

**Treatment Guidelines, Rules and Instructions to Consider/Basic Understanding of Cost Drivers/Analytical Examples for Additional Definition/Measurements/Comparisons**

Brent Veninga, Senior Consultant with Ingenix, presented information on what Ingenix is seeing around the country as major issues in workers' compensation medical costs. He then discussed how to identify the main medical cost drivers in the workers' compensation system. Lastly, he presented the five top CPT codes in Montana (weighted by frequency and charge amount) and discussed the billed charges for each from their data base of 4.5 million Montana records. He showed the mode, median and mean and what is paid by workers' compensation, Blue Cross and Medicare for each of the codes.

**Comparison of Workers' Compensation Fee Schedule to Blue Cross, Blue Shield and Medicare**

Jerry Keck, ERD Administrator, presented information for each of the medical specialty areas in Montana's current non-hospital fee schedule. For each specialty area he showed the top codes and what is paid under the workers' compensation fee schedule, the Blue

Cross/Shield fee schedule and Medicare fee schedule. The workers' compensation fee schedule pays radiology and surgery codes at much higher rates than are paid under the other two systems. This disparity in payments will have to be accounted for when the Department adopts a resource-based relative value system (RBRVS) fee schedule.

George Wood questioned whether the change in fee schedules would result in a reduction in costs or a redistribution that would result in fights with providers. He also pointed out that the three systems have very different sets of clientele. Health problems versus injuries.

Matthew Cohn asked if the medical fee schedules would be compared to the other 13 states in the study since the purpose of this study is what is driving our rates to be higher than the other states.

Dan Gengler said the objective is to get the injured worker healed and back to employment. Is it possible that the reimbursement system skews the treatment and works against our goal?

Ken Carpenter responded that providers are not necessarily aware of what the fee schedule pays when deciding on treatment. Providers do not direct treatment based on a fee schedule.

Jerry responded that he feels evidence-based treatment is the answer to ensuring good treatment related to the goal of return to work.

Dan Gengler asked with prospective medical outcomes are we getting folks back to work quickly?

George Wood said that the physicians accept Medicare without hesitation.

Jerry discussed the Kaiser Permanente study that showed there is a hassle factor in dealing with workers' compensation injured worker treatment.

George Wood responded that workers' compensation is the only system that gives monetary reimbursement for continuing the disability. The systems have different pressures on them.

### **Survey of Workers' Compensation Medical Costs - Update**

Jeanne Johns, Medical Regulations Supervisor, handed out the draft of the medical survey that will be sent out and asked participants to review and get any proposed revisions back to her.

### **WCRI Administrative Inventory - Update**

Jerry reported that a contract has been entered into with the Workers' Compensation Research Institute. They will start work this month. The lead researcher will attend the

July meeting of this group. He will schedule interview times and plans to have the study complete by the end of December.

Diana explained the various parts that are contained in an inventory.

**WC Medical Fee Schedule Request for Proposals – Update**

Keith Messmer, Workers' Compensation Regulation Bureau Chief, reported that a request for proposals (RFP) has been advertised to solicit assistance in replacing the current non-hospital and hospital fee schedules. The project has been broken into phases with Phase I being a switch from the RVP to a RBRVS Medicare-based fee schedule. Phase II will replace the current hospital discount factor methodology with a Medicare-based reimbursement system and will include surgery centers. The RFP also calls for recommendations for a prescription medicine payment methodology. Responses are due May 25 and the work is to be completed by February 28, 2007.

The next status meeting will be July 24.